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by [Zack Abrams](#)

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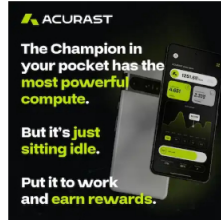
Quick Take

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Quick Take

- BitGo recently announced the move of its wrapped bitcoin (WBTC) product to a multi-jurisdictional joint venture with Hong Kong-based Bit Global, forming a "strategic partnership" between BitGo, Justin Sun, and the Tron ecosystem.
- BitGo CEO Mike Belshe played down criticism of the move in an interview with The Block, emphasizing BitGo's commitment to security and highlighting the legal checks on BitGo and Bit Global.

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Wrapped Bitcoin (WBTC +1.30%), a token on the Ethereum blockchain backed one-to-one with bitcoin and used in a variety of decentralized finance applications, will soon be under new ownership, longtime custodian BitGo recently announced.

According to the custody firm's [announcement](#), BitGo will become a minority owner in a new joint venture with Hong Kong-based Bit Global, providing "multi-jurisdictional and multi-institutional custody" for the WBTC business. The company also described the move as a "strategic partnership" between BitGo and Justin Sun, the founder of Tron with a controversial reputation in the crypto industry.

Sun's involvement in the joint venture, which has a transition period of 60 days, led Maker DAO's risk management team, Block Analitica Labs, to [propose preventing new borrowing against WBTC collateral](#) on Maker's governance forum. "On the whole, we find that Sun's involvement as a controlling interest in the new WBTC joint venture presents an unacceptable level of risk," pseudonymous BA Labs cofounder Monetsupply wrote.

In an interview with The Block, BitGo CEO Mike Belshe played down Sun's involvement in the joint venture, highlighting BitGo's longstanding commitment to security. "You've got a whole team of people at Bit Global that manage multiple customer accounts that have a duty for safekeeping care. They can't lend it out, they can't arbitrarily give it to Justin or me or anybody else without breaking laws and going to jail," Belshe said. "In terms of the attestations, we've always had [wbtc.network](#), and that's going to continue to run."

Justin Sun, in an X post addressing the controversy, echoed the sentiment. "My personal involvement in WBTC is entirely strategic. I do not control the private keys to the WBTC reserves and cannot move any BTC reserves," Sun [wrote](#).



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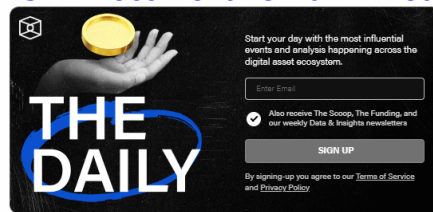
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While some in the crypto community have touted decentralized alternatives to WBTC, Belshe argued that such products come with risks. "The DeFi products are not that decentralized. You know, what happens if they decide to go start making a yield and taking risk? So the construct we've created doesn't allow for that, legally. And that's what makes it unique. It's also what makes it more expensive to run," Belshe said.

Other community members, such as developer GFX Labs, questioned the focus on WBTC in comparison with other centralized assets. "This feels like a rush to judgement that isn't treating WBTC on the same basis it treats other centralized asset issuers," GFX Labs [wrote](#).

"I think BitGo has a very strong reputation because we have applied the strictest principles of security to everything that we do. And you can think what you will about Justin Sun, but I know that the technology that's here is the strongest of the industry," Belshe said.

With regards to Maker DAO in particular, Belshe said he was willing to assist in due diligence in order to assuage any concerns. "These guys are asking good questions. They should figure out how to do good diligence. And it's gonna require some novel creative ways to figure that out...and I think in the end, people are going to realize this is a big nothingburger."

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Zack Abrams is a writer and editor based in Brooklyn, New York. Before coming to The Block, he was the Head Writer at Coinage, a Web3 media outlet covering the biggest stories in Web3. The story he co-reported on Do Kwon won a 2022 Best in Business Journalism award from SABEW. Other projects included a deep dive into SBF's defense based on exclusive documents and unveiling the identity of the hacker behind one of 2023's biggest crypto hacks — so far. He can be reached via X @zackdabrams or email, zabrams@theblock.co.

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